



ILLINOIS GAMING BOARD

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Illinois Gaming Board Policy on Inducements, Advertising and Promotions by Video Gaming Licensees

IN EFFECT AS OF: June 1, 2016

Guidance regarding the Video Gaming Act's (the "Act") prohibition on Inducements frequently intersects with guidance given on Advertising and Promotional Activities conducted by Video Gaming Licensees. Each section addresses the applicable law and gives guidance for compliance with the law.

Although the Illinois Gaming Board ("Board" or "IGB") generally will not review and approve advertisement or promotional activities prior to their use, any questions as to whether a specific practice constitutes a violation of the Act or the Board's Rules may be directed to the Board for determination. Licensees are responsible for reading this policy and using their best judgment to comply with the Act and the Board's Rules. Licensees are also encouraged to review the Prizes and Gifts Act (815 ILCS 525/1) for additional assistance.

Licensees are required to maintain adequate written records pertaining to the activities covered by this policy. These records shall be available to the Board upon request.

Any violation of the Act or the Board's Rules may subject a Licensee to discipline by the IGB.

I. Inducements

A. *Applicable Law:*

Section 25(c) of the Act provides that “No terminal operator may give anything of value, including but not limited to a loan or financing arrangement, to a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment as any incentive or inducement to locate video terminals in that establishment.”

Rule 1800.250(l) provides that “Each licensed terminal operator has an ongoing duty to comply with the following: offer or provide nothing of value to any licensed video gaming location or any agent or representative of any licensed video gaming location as an incentive or inducement to locate, keep or maintain video gaming terminals at the licensed video gaming location.”

Rule 1800.270(d) provides that “Each licensed video gaming location has an ongoing duty to comply with the following: accept nothing of value from any video terminal operator or any agent or representative of any video terminal operator as an incentive or inducement to locate, keep or maintain video gaming terminals at the licensed video gaming location.”

B. *What IS considered an inducement?*

- Any payment of cash, goods, services or loan or financing arrangement by a Terminal Operator to a Licensed Location, any of its owners, agents, representatives, or a third party on behalf of a Licensed Location, its owners, agents or representatives.
- Examples include but are not limited to: paying a higher percentage of Video Gaming Terminal ("VGT") revenue than permitted by the Act; providing additional services outside the scope of route operation (*i.e.* paying for snow removal at the Licensed Location or allowing a Terminal Operator employee to open the Licensed Location before normal business hours); and making or funding improvements at a Licensed Location or Applicant which are unnecessary to comply with the Act's requirements.
- Paying for costs and legal fees connected to a denial of an application for licensure, any disciplinary action issued against a licensee, or for litigation involving the validity of a use agreement.

C. *What is NOT considered an inducement?*

These items may be funded by the Licensed Terminal Operator either outright or through a loan or cost-sharing agreement between the Licensed Terminal Operator and the Licensed Location. Any loan or cost-sharing agreement shall be in writing and available for inspection by the IGB upon request.

1. VGTs and related items necessary to make VGTs operable at a Licensed Establishment, including any wiring or rewiring, telephone lines, network connections, circuit boards, ticket payout devices, site controllers, or other like items specified by the VGT manufacturer, Scientific Games, the IGB or its agents.
2. Software upgrades and other ongoing VGT maintenance expenses.

3. Bases, chairs and/or stools associated with the VGTs, which are intended to remain in the video gaming area of the Licensed Location.
4. Video surveillance or an alarm system that is intended to monitor **only** the video gaming area of the Licensed Location.

D. What costs *MUST* be shared?

These items must be shared equally between the Terminal Operator and the Licensed Location.

1. The Central Communication System Fee.
2. Any “fee for the operation of a video gaming terminal” imposed by a municipality specifically authorized by Section 65 of the Act (230 ILCS 40/65).
3. The annual VGT license fee required by Section 45(g)(7) & (h).
4. Structural changes to a Licensed Location that are directly related to the segregation requirements in Section 58 of the Act.

E. What costs *MAY* be shared?

These items may be split equally between the Terminal Operator and the Licensed Location.

1. ATM fees acquired from patron use of dual function ATM/redemption devices.
2. Surveillance or an alarm system that monitors the entire establishment.

II. Advertising

A. *Applicable Law:*

Rules 250(n) and 270(e) provide that Licensed Terminal Operators and Licensed Video Gaming Locations, respectively, have an ongoing duty to conduct advertising and promotional activities in a manner that does not reflect adversely on or that would discredit or tend to discredit the Illinois gaming industry or the State of Illinois.

Rule 310(a)(21) provides that licensees are subject to discipline for engaging in, or facilitating, any unfair methods of competition or unfair or deceptive acts or practices, including, but not limited to, the use of employment of any deception, fraud, false pretense, false promise or misrepresentation, or the concealment, suppression or omission of any material fact in the conduct of any video gaming operation.

All advertising is held to the same standards, regardless of whether it is done via radio, television, internet, social media, regular mail, or on-site at a Licensed Location.

B. *Guidance:*

- Advertising must not be false or misleading.
- Advertising must not use words that could be false, misleading or misinterpreted.
- Any claim in an advertisement must be able to be substantiated.
- Licensees may NOT:

- Advertise that the odds of winning or playing the VGTs are better at one Licensed Location than at another Licensed Location.
- Advertise that the IGB promotes video gaming at a specific Licensed Location over another Licensed Location.
- Use the logo or name of the IGB without prior written consent of the IGB.
- Use the word “casino”.
- State or imply that a player's skill can influence the outcome of a game.
- Licensees MAY:
 - Use the following words and terms: “slots,” “VGTs,” “video gaming terminals” and “gaming/gambling parlor”.
 - Publicize “video gaming coming soon”.
 - Publicize the amount of money won at the Licensed Location (factual information that can be confirmed on the Board's website).
 - Advertise the number of VGTs available at the Licensed Location.
 - Use “puffery” statements. “Puffery” is a term used to denote the exaggerations reasonably to be expected of a business owner as to the degree of quality of his product, the truth or falsity of which cannot be precisely determined; e.g., “best bar in town” or “best nachos south of I-80.”

C. *Costs of Advertising That Must Be Paid Entirely By The Terminal Operator:*

- Advertising that promotes only the Licensed Terminal Operator.
- The cost of signs, placards, flags, decals, posters, banners or other similar items located at a Licensed Location that solely promote either the Licensed Terminal Operator, or video gaming in general, and which may be removed or relocated at any time.

D. *Costs of Advertising That Must Be Paid Entirely By The Licensed Location:*

- Advertising that promotes only non-video gaming aspects of the Licensed Location.
- The costs associated with the construction or maintenance of a permanent sign that promotes or identifies a Licensed Location.
- Terminal Operators are prohibited from paying a Licensed Location for the privilege of advertising on premises. For example, a Terminal Operator is prohibited from contributing in any way to a permanent or semi-permanent sign, scrolling, digital, LED or otherwise customizable electric sign, television or other device that a Licensed Location owns and operates for purposes of advertising.

E. *Costs of Advertising That Must Be Shared Evenly:*

- Advertising that promotes video gaming at a specific Licensed Location.
- The cost of customized signs, placards, flags, decals, posters, banners or other similar items that are temporary and include the promotion of video gaming at a Licensed Location.

Additionally, the Office of the Illinois Attorney General Consumer Protection Bureau protects Illinois consumers and businesses victimized by fraud, deception, and unfair business practices. For more information or to contact the Bureau: <http://illinoisattorneygeneral.gov/consumers/index.html>.

III. Promotions

A. ***Applicable Law:***

Rules 250(n) and 270(e) provide that Licensed Terminal Operators and Licensed Video Gaming Locations, respectively, have an ongoing duty to conduct advertising and promotional activities in a manner that does not reflect adversely on or that would discredit or tend to discredit the Illinois gaming industry or the State of Illinois.

Rule 310(a)(21) provides that licensees are subject to discipline for engaging in, or facilitating, any unfair methods of competition or unfair or deceptive acts or practices, including, but not limited to, the use of employment of any deception, fraud, false pretense, false promise or misrepresentation, or the concealment, suppression or omission of any material fact in the conduct of any video gaming operation.

Any conditions of qualifying for promotions must be clear and conspicuous to VGT players.

B. ***Permitted Activities:***

- Food and Beverage Giveaways: Licensed Locations may give away food and/or non-alcoholic drinks.
 - For example, this can be limited to only VGT players, or VGT players who play for a certain amount of time or win a certain amount of money.
 - Food and beverage giveaways **must be paid only** by the Licensed Location.
- Items of Nominal Value: Items that have the logo or name of a licensee and are intended to be provided directly to a player or patron must be paid for **only** by that licensee.
- Other Giveaways: Licensees may give away items, vacations, or anything else of value to VGT players or to any other patron.
 - These giveaways **must be split evenly** by the Licensed Location and the Licensed Terminal Operator.
- Collection of Contact Information: Licensees may collect, on a voluntary basis, contact information of VGT players; and use the contact information to send out promotional materials. Players' contact information shall not be sold or otherwise communicated to third parties and shall be kept in a confidential manner.
- Free-Play Coupons: Licensed Locations may give away coupons redeemable for free VGT play.
 - **Only** a Licensed Location may pay for and provide free play coupons redeemable **only** at its own Licensed Location.
 - Terminal Operator Licensees **shall not** contribute to the payment of free play coupons.
- Stamp Cards: Licensees may provide VGT players with cards that are stamped or otherwise marked upon each visit.
 - After a certain number of stamps, the card may be redeemed for food, non-alcoholic beverage, etc.
 - Stamp card promotions **must be paid for solely** by the Licensed Location.

- Raffles and Poker Runs: Raffles and poker runs conducted in accordance with the Raffles and Poker Runs Act and local ordinances are permitted.
- Pool, Darts, Bags Tournaments: Tournaments involving games of skill are permitted, however, any prizes, including prize money, **must be funded solely** by the Licensed Location.
- Live Entertainment: Live entertainment at a Licensed Location **must be paid for solely** by the Licensed Location.

C. *Administrator Notice Required:*

- Licensees who wish to conduct a promotion where the aggregate retail value of any prizes awarded exceeds \$10,000.00 (Ten-Thousand Dollars) must provide written Notice to the Administrator at least 14 days in advance of the implementation date, as outlined in 86 Ill. Admin. Code 3000.614(d).
- The Notice shall, at a minimum, specify: (1) The official rules of the promotion; (2) A detailed description of the prize(s) to be awarded; (3) Contact information for the representatives of the Licensees implementing the promotion; and (4) A copy of any documents used in the promotion (*i.e.*, coupons, entry forms, etc.).
- The Notice shall affirm that all costs associated with the promotion are evenly split between the Licensed Location and Licensed Terminal Operator.

D. *Prohibited Activities:*

- Alcohol Giveaways: Licensees are prohibited from giving away free alcoholic drinks. The Illinois Liquor Control Commission prohibits giving away free alcohol. Licensees are expected to conduct “happy hour” liquor promotions in conjunction with the Illinois Liquor Control Commission Happy Hour Laws.
- VGT Play Tournaments: Tournaments of any kind related to the play of video gaming terminals are prohibited.
- A player rewards program that is linked to VGT play and utilizes a route management system is prohibited, unless pre-approved by the Board.
- Terminal Operators are prohibited from paying for a sports league or team sponsored by a Licensed Location. Terminal Operators may not make charitable donations on behalf of a Licensed Location or in support of events sponsored by a Licensed Location.